

1992

UA3/8/8 Thomas Meredith Speech File

Thomas Meredith
Western Kentucky University

Follow this and additional works at: http://digitalcommons.wku.edu/dlsc_ua_records



Part of the [Business Commons](#), and the [Higher Education Administration Commons](#)

Recommended Citation

Meredith, Thomas, "UA3/8/8 Thomas Meredith Speech File" (1992). *WKU Archives Records*. Paper 552.
http://digitalcommons.wku.edu/dlsc_ua_records/552

This Transcription is brought to you for free and open access by TopSCHOLAR®. It has been accepted for inclusion in WKU Archives Records by an authorized administrator of TopSCHOLAR®. For more information, please contact topscholar@wku.edu.

HIGHER EDUCATION IS GOOD BUSINESS FOR KENTUCKY

From A Series Of Civic Club Presentations By

Thomas C. Meredith, President

Western Kentucky University

Hello, I'm Tom Meredith, President of Western Kentucky University. Thank you for joining me for a few comments on the topic, "Higher Education is Good Business for Kentucky." I speak today not only as the President of Western Kentucky University but also as the Convenor for the Conference of University Presidents in our state.

Higher education institutions are, in one sense, simply corporations located all across this state. There are 8 public universities, 14 public community colleges, and 21 private colleges, but today I would like to only talk about the public entities.

For many areas, these public entities or corporations are the largest employers in our areas. Certainly that holds true for Western Kentucky University. In 1991-92, the 8 public universities and the 14 community colleges employed nearly 30,000 people in our state and that doesn't include part-time workers or students workers, etc. That's a lot of people. Our annual operating budgets, not counting capital construction, totaled almost \$1.6 billion. The interesting part of that figure is that almost \$1 billion of this amount is in salaries. That's dollars turning over on a regular basis producing a phenomenal ripple effect of dollars across Kentucky.

That's good business! Public higher education is pumping \$1.6 billion into the state's economy each year. That's significant. But what's the state's investment to get this kind of return. What's the state's investment that causes this to happen. Out of that \$1.6 billion, the state invests \$674 million, or 42 percent of that total. So in other words, for every \$42 the state invests, it gets that back plus an additional \$58 into the economy. Now it doesn't take one long to calculate that that's a 138 percent return on the state's investment in higher education in this state and that doesn't count the ripple effect. What an investment! Would you invest at that rate with a 138 percent return on a yearly basis? I suspect you would.

But that's not all. All of our institutions have construction going on on our campuses and not all of that construction is state funded.

For example, at Western Kentucky University we have two new residence halls that have just been completed. No state dollars were involved. The cost -- over \$8 million with over \$7 million going straight to Kentucky contractors. We've just completed a new health and activities building. The cost was approximately \$9.6 million. Western Kentucky University provided around 15 percent of that construction cost in private dollars. So many times these are private dollars which are not active dollars in an economy. So, if one takes the 1.5 million private dollars on the Preston Center, those are the dollars that someone had invested someplace else or which may not have been very active dollars that became extremely active dollars in bringing the building to fruition.

But that's not all. We bring in what we call extramural dollars through outside grants, contracts for research projects, and economic development, for example. These are items benefiting Kentucky. These are not gifts. They are monies for which there is competition and our institutions have been successful in getting those dollars. I don't have a total for the entire state, but at Western Kentucky University this past year we brought in 7.7 million in outside dollars to assist us in what we try to do at our institution. By the way, that's up 101 percent in the last four years, with most of those dollars being spent in Kentucky.

But that's not all. Every good business has clients and many times we measure the success of our businesses by the number of clients that we have and how good those clients are. Last fall, the fall of 1991, in Kentucky we had 157,282 students registered for academic credit courses at our public institutions. Sixty-one percent of those students were going full-time. Kentucky's population of those 18 and over is approximately 2.7 million. This means that last fall 5.8 percent of our total population was taking academic credit courses in our state. By the way, we had the largest enrollment ever in the history of our state in higher education last fall and that's a good sign for our economy. As a matter of fact, in Kentucky, higher education enrollment for public institutions had grown 40 percent in six years through the fall of 1991. This figure matches exactly what's happened to Western Kentucky University--40 percent growth in six years. The percentage of high school graduates going to college continues to increase and that just adds to the numbers at our institutions.

I can't give the total for those number of individuals taking non-academic credit seminars, workshops and enrichment courses because that data is not gathered. But I can assure you that the numbers go into the tens of thousands of people who attend those kinds of activities on our campuses.

What's the economic impact of all of these students coming to the public institutions of higher learning in Kentucky? At Western, an economic impact study was completed a few years ago. We discovered that our students spend, not counting tuition, \$500 per month on average. That's for apartments, gas, food, and clothes. Those of you with sons and daughters in college will easily believe this figure. These students are spending dollars they might not otherwise be spending to help the state's economy.

So, is this good business? In addition to the obvious economic benefits, nearly 20,000 people a year get degrees ranging from an associate degree to a medical degree in our state. What's so good about people with college degrees? That information is well known, but let me just give you ten quick factors that would verify and support the fact that people with college degrees are good for our state. They make more money. They pay more taxes. They are healthier. They have more health insurance. They have fewer divorces. They save more. They spend more on education. They give more to charities. They support the arts. And they are more satisfied with their work. A study in the late seventies stated that with each additional year of schooling, the probability of death is lowered by four-tenths of a percentage point. Now some of you, who have had children in universities now for five, six, or seven years, are thinking your children are going to live forever given the amount of education that they are getting. The fact of the matter is that it's good for our state to have college graduates.

Another major reason why the number of graduates is good news is that we live in a state that is at the bottom, or near the bottom, in the ratio of its adult population with a college degree. Economically, this hurts us. It influences the level of industry that comes to our state to help feed our state's economy. This is one of the reasons why it is so good for our state to encourage out-of-state students to come here to go to college because we know

that many of them will stay in this state and work if we can just get them here to go to college.

So it comes down to a business question. If you were involved in evaluating businesses, how would you evaluate higher education as a business in this state?

Let me recap for you. It's one of the state's largest employers -- the largest employer in many areas. It has a major payroll where the money turns over rapidly and quickly. It's environmentally clean. There's a 138 percent return on the investment. It promotes economic development. It's causing possible idle dollars to be given to become active dollars through private fund raising efforts. It has more clients than can be taken care of, so there must be a good product to come to. It offers enrichment and continuing education opportunities for all citizens. And, the end result of this business is that it benefits society intellectually and culturally as well as economically.

Would you cut the support for this kind of business? I suspect not. The benefits are too great. Yet, in this state during this last year \$58.6 million was cut from the funding for higher education. This is almost a 10 percent decline in support from the state. From the first of July of 1991 to the first of July of 1992, at Western Kentucky alone, we lost over \$4 million in state support. This is nearly an 8.5 percent decline.

One must realize that state support as a part of our budget has continued to decline over the years. In 1987-1988, 54 percent of the budget at Western Kentucky University was funded by the state. That percentage is now 46 percent. Higher education funding, as a part of the state budget, has continued to decline. In the mid 1970s, 20 percent of the state budget was spent on higher education in this state. In the 1980s, this figure dropped to 16-17 percent. In 1991-92, the figure had slipped to 15.5 percent. This year, we're at 14.9 percent and next year, based on the known appropriations, it will be all the way down to 14.5 percent. A major decline. As a matter of fact, the funding in 1993-94 will simply equal the funding of 1990-91. Remember that all of this is in light of a 40 percent growth in enrollment over the last six years. Even worse, the universities in Kentucky have now been told to prepare for a possible additional cut this year.

One of the major concerns facing our state is that we are producing, and are going to produce, the best high school graduates in this country through the Kentucky Education

Reform Act. All of us in higher education are extremely supportive of that act. But those students coming out of the nation's best high schools in Kentucky are going to have to consider attending depleted universities. Remember that 88 percent of the students who graduate from our high schools now stay in state to go to college. That will change and yet we need them here.

We are not crying the blues. We simply want everyone to understand that we are becoming non-competitive through neglect. I suspect this state gets more return on the dollar from its public institutions of higher learning than it gets from any other entity. A recent spokesperson for the Education Commission of the States stated clearly that one of the sad things that's happening in states across the country at this time is that higher education funding is seen as the rainy day fund for the states. It's where states can go to get money when they run short, and it's destroying our higher education system.

In summary, although it is much much more, funding for higher education could be considered as simply an economic decision. To set our goal to have the finest K-12 system is too shortsighted. If this state is to become as competitive as we all would like us to be, then we must fully develop and utilize our higher education system. Education in this state must be seen as a continuum from pre-kindergarten through university. We need your help. Thank you very much.